Ministry of
Energy and Mines

2003/04
Annual Service Plan Report

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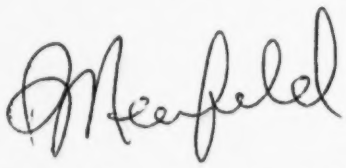
Accountability Statement

The 2003/04 Ministry of Energy and Mines Annual Service Plan Report was prepared under my direction and in accordance with the *Budget Transparency and Accountability Act*. This report compares the actual results to the expected results identified in the ministry's 2003/04 Service Plan. I am accountable for the ministry's results and the basis on which they have been reported.

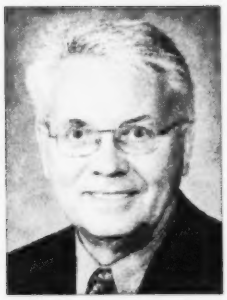


Honourable Richard Neufeld
Minister of Energy and Mines

June 29, 2004

BRITISH COLUMBIA

Ministry of Energy and Mines



Over the last three years the Government has increased investment in energy and mineral resource development throughout British Columbia.

The Ministry of Energy and Mines continues to take the necessary steps to maximize British Columbia's energy potential, by opening up access to the province's vast reserves of oil, natural gas, coalbed gas, minerals and coal and hydro-electric power.

At the same time the Ministry takes its responsibility within the area of environmental stewardship very seriously. The Ministry of Energy and Mines has taken a significant leadership role in the areas of clean energy initiatives, mine reclamation, energy efficiency and pre-tenure planning. The Ministry is also making strategic financial investments to environmental conservation and protection initiatives like fuel cell development and research that integrates sound science, traditional environmental knowledge and resource development.

In June 2003, we announced the Oil and Gas Development Strategy (OGDS) for the Heartlands, a comprehensive strategy to improve infrastructure, target royalties, grow the BC based service sector and reduce regulations. In November 2003, we announced further initiatives to accelerate OGDS. Strategy actions include initiatives to encourage new basin exploration; investment in public-private resource road infrastructure; royalty credits for the use of exploration technology and funding for education and training.

In September 2003, British Columbia achieved a Canadian record for petroleum and natural gas tenure sales reaching $418 million. Of this sale, $360 million is directly attributed to the royalty changes government made for deep gas and other marginal oil and gas resources. Oil and gas tenure sales totalled more than $626 million in total during fiscal 2003/04.

Oil and gas exploration and production are now the largest single natural-resource generators of direct revenue for the province.

Revenues from crude oil and natural gas were $2.032 billion for 2003/04 — 22 per cent higher than originally forecast and 35 per cent over fiscal 2002/03.

British Columbia has a huge coalbed gas endowment of approximately 89 trillion cubic feet. In order to provide certainty of coalbed gas ownership to enable development of a coalbed gas industry in British Columbia, the ministry developed the *Coalbed Gas Act* that was brought into force in 2003/04.

The total number of mineral claim units staked in fiscal 2003/04 has increased by 12,000 — 38 per cent higher than the previous fiscal year.

Revenues from coal tenure fees and rentals totaling $4.1 million increased by 10 per cent over fiscal 2002/03.

This past year, we prepared enabling legislation to streamline the administration of coal tenures, reducing regulation and creating a modern, simplified system for acquiring and holding Crown coal rights.

Government also developed changes to the *Mineral Tenure Act* that will enable a new internet-based system for acquiring mineral and placer claims (Mineral Titles Online) in the province.

The Ministry made significant progress in implementing the government's energy plan, Energy for Our Future: A Plan for BC. The British Columbia Transmission Corporation was established and key changes made to the *Utilities Commission Act*. Legislation and direction to implement a Heritage Contract, and ensure public ownership of BC Hydro's core assets and stepped rates for industrial customers was enabled. Clean Electricity Guidelines were also established, along with a process to review energy performance standards for buildings.

In the area of alternative energy and energy efficiency development, the ministry completed the first phase of the Alternative Energy and Energy Efficiency Strategy, and established a pilot Community Action on Energy Efficiency program.

In keeping with Government's deregulation goal, in 2003/04 the Ministry eliminated 2,244 regulatory requirements, or about 12.7 per cent of its total, providing an overall 27 per cent reduction in the first two years of the deregulation initiative. This reduction in regulation saves money, and is more effective and more responsive to the fast-changing world. The remaining regulations are more results-based and more flexible to promote competitiveness and innovation which benefits all British Columbians.

The Government clearly understands the economic potential of the province's abundant energy resources and the need to remain competitive.

The Ministry of Energy and Mines will continue to lead the way to a prosperous future, full of opportunity for all British Columbians.

I am pleased to present the details of our success in this annual report for fiscal year 2003/04.

Honourable Richard Neufeld
Minister of Energy and Mines

Message from the Minister of State

B.C.'s mining industry today provides close to 10,000 direct jobs and $2.9 billion in economic activity.

Global demand for metals is growing, and B.C. has vast coal and mineral resources.

The recent increase in metals prices provides a unique opportunity for our government and mining industry. We need to ensure that our taxation and regulatory environment is globally competitive so that we can maximize the benefits of British Columbia's world class geology. By taking advantage of this opportunity B.C. can produce the long-term benefits in economic and job growth that will result from future development.

The Premier appointed a Minister of State for Mining in January 2004 to support the long tradition of mining in British Columbia. In the Premier's letter to the Minister of State for Mining he identified four key areas for the minister to work on. Strengthening the provincial geoscience base, market and communicate the industries environmental and sustainability principles, increase clarity for access to Crown land, and draft a detailed action plan for mining and skills development.

In September 2003, Minister of Energy and Mines Richard Neufeld (in partnership with the BC and Yukon Chamber of Mines and the TSX' s Venture Exchange) traveled to London, England with a mining investment delegation of representatives from government, First Nations, exploration and mining industries and financial/investment experts. This trip has been credited with contributing to the rebound in exploration spending in British Columbia and also resulted in the international Mines and Money conference holding its 2004 conference in Vancouver.

Amendments to two pieces of legislation, the *Coal Act* and the *Mineral Tenure Act*, were passed in April 2004. The *Coal Act* amendments streamline administration of coal tenures for both government and industry. The *Mineral Tenure Act* provides the basis for a map-based claim process and enables the implementation of Mineral Titles Online. We continued to refine the two-zone land use system to ensure land outside of parks and protected areas will be open for mining.

As part of the government-wide initiative to reduce regulatory requirements, in fiscal 2003/04, we eliminated 468 regulatory requirements in the mining division alone — about a 9 per cent reduction. The total reduction for the mining section since the initiative began is 26 per cent. By the end of June 2004, I anticipate a total of more than 2,000 (about 38 per cent) regulatory requirements will have been eliminated. This reduction in regulation saves money, is more effective and is more responsive to the fast-changing world. The remaining regulations are more results-based and more flexible to promote competitiveness and innovation which benefits all British Columbians.

In the area of geoscience, we participated in the British Columbia and Yukon Chamber of Mines ***Rocks to Riches*** program, which invests $2.1 million over two years — in partnership with the federal government, First Nations and industry — to produce geoscience surveys in under-explored areas of B.C. We also expanded the province's database for prospectors and

industry by releasing new geological maps of mineralized areas in three significant areas of the northern part of the province. These initiatives contributed to a 42 per cent increase in mineral claims staked over the last fiscal year.

British Columbians and the mining industry continue to benefit from the extension of the super flow-through share tax credit program, elimination of the provincial sales tax on mining machinery and equipment, reduction in corporate and personal income taxes and the streamlining of environmental assessment reviews. These initiatives have resulted in a continued upswing in exploration spending while other competing jurisdictions such as Australia, have witnessed a decline.

In 2003, mineral exploration spending increased to an estimated $55 million; mineral exploration in the northwest was double the previous year's level; mineral claims staking was up by one-third over the previous year; and mineral production is forecast to be about $3 billion, up four per cent from 2002.

A 15-member task force was appointed to provide recommendations on revitalizing the mining industry in BC. These recommendations will provide the basis for the development of a provincial mining plan, to be completed by fall of 2004 and implemented over the next three years.

The government's new action agenda for mining will help restore mining's economic potential and will help generate new investment, jobs and opportunities to benefit all British Columbians. As the mining industry rebounds, government will also be working closely with First Nations to foster partnerships and enhance employment opportunities in this growing industry.

Honourable Pat Bell
Minister of State for Mining

Year-at-a-Glance Highlights

Record revenues from the energy market and significant oil and gas rights sales, resulted in the sector making a noteworthy contribution to the provincial Treasury. 2003/04 saw the implementation of some significant Government initiatives that will continue to improve private sector opportunities in the province. The ministry's achievements in 2003/04 include:

- **Minister of State for Mining** — The Minister of State for Mining was appointed in early 2004 to focus attention on revitalizing BC's mining industry, making BC the only provincial jurisdiction with such a focus.
- **Oil and Gas Development Strategy for the Heartlands (OGDS)** — Announcement and implementation of the Oil and Gas Development Strategy for the Heartlands (OGDS), a comprehensive program to address road infrastructure, targeted royalties, regulatory reduction and British Columbia service-sector opportunities.
- **Clean Electricity Guidelines** — Completed an interpretive guideline for clean electricity (BC Clean Electricity Guidelines) as identified in the Energy Plan. The guideline is intended to clarify the Province's policy intent for electricity producers, distributors and the BC Utilities Commission.
- **Pre-tenure plans** — Created to guide environmentally responsible development of oil and gas resources by providing results-oriented management guidance to specific plan areas. These plans set out responsibilities for monitoring various activities and outcomes. They are also intended to provide greater certainty and guidance to the oil and gas industry on where and how oil and gas operations are conducted.
- **Revenues** — Revenues from crude oil and natural gas were $2.044 billion for 2003/04, 22 per cent higher than revenue estimates and 36 per cent higher over last fiscal.
- **Offshore Oil and Gas** — Estimates outlined in the Royal Society of Canada Report of the Expert Panel on Science Issues Related to Oil and Gas Activities, Offshore British Columbia suggest a combined oil and gas resource value of $110 billion.
- **Oil and Gas Tenure Sales** — Dispositions of British Columbia's oil and gas rights totalled more than $626 million for 2003/04. The exceptional sale of September 10, 2003 raised $418 million.
- **Treaty 8** — The ministry provided strategic support to the Treaty Negotiation Office in the development of a Negotiation Protocol Agreement with Treaty 8 to resolve outstanding issues. The ministry also supported the negotiation of a Memorandum of Understanding with the Dena Tha' First Nation, the Ministry of Energy and Mines and the Oil and Gas Commission.
- **Aboriginal Relationship Building** — The ministry conducted a number of direct meetings with First Nations to develop relationships on key ministry initiatives. These activities included education sessions and information sharing on potential coalbed gas development. The ministry helped facilitate business relationships between First Nations and industry, including facilitating a relationship between the Upper Similkameen Indian Band and Petrobank with respect to potential coalbed gas development in Princeton, BC.

- **The Tulameen Coalbed Gas disposition** — (3,357 hectare parcel issued in March 2004) This is of particular note as it is the first time a First Nation (Upper Similkameen Indian Band in a joint venture with Compliance Energy Corporation) is participating as a recorded titleholder in the exploration and development of the Province's petroleum and natural gas resources.
- **Oil and Gas economic impact model** — Completion of a comprehensive macroeconomic model to estimate the impact of the oil and gas sector within Northeast British Columbia and the provincial economy.
- **Coalbed gas (CBG)** — British Columbia has a coalbed gas resource estimated at 90 trillion cubic feet. The *Coalbed Gas Act* was brought into force confirming CBG is natural gas.
- **CBG and the Environment** — The Environmental Protection Division in the Ministry of Water, Land and Air Protection has formed a collaborative working group with Ministry of Energy and Mines and the Oil and Gas Commission to facilitate the exploration and expansion of the coalbed gas industry in British Columbia. The main project has been the development of a Code of Practice for produced water. This document addresses groundwater depletion, groundwater quality (including salinity intrusion on the coast), and effects on aquatic habitats.
- **Geoscience** — In April 2004 an "Exploration Assessment of Tight Gas Plays in NEBC" was published. This report documented significant unrecognized natural gas resources in unconventional tight gas sands and preceded the record bonuses of the September petroleum and natural gas sale.
- **Investment Promotion** — The Ministry promoted investment opportunities in British Columbia's mining and oil and gas sectors, including major North American oil and gas and mining shows.
- **Mining Investment Mission to the UK** — In September 2003, the Honourable Richard Neufeld (in partnership with the BC and Yukon Chamber of Mines and the TSX's Venture Exchange) led a delegation to London, England to promote mineral investment opportunities.
- **Mineral Claims** — The total number of mineral claim units staked in fiscal 2003/04 increased by 12,873 (42 per cent) over the previous fiscal year.
- **Coal Revenues** — An increase in coal licences held by industry increased revenue from coal tenures, fees and rentals to $4.1 million, a 10 per cent increase over fiscal 2002/03.
- **Mineral Exploration spending** — Spending by industry increased to $55 million in 2003.
- **MLA Mining Task Force** — Recommendations on revitalizing the mining industry in BC will provide the basis for the development of a provincial mining plan.
- **Health, Safety and Reclamation Code** — Streamlined the primary regulatory mechanism for mines in British Columbia, from exploration to mine closure and reclamation.
- **Mine Safety** — British Columbia's mining industry further improved its already "best" safety record for heavy industry in the province.
- **MapPlace visits** — The internationally recognized "MapPlace", an internet-based map system containing extensive geosciences information, exceeded 2 million visits by clients in 2003.

- **Geological Survey and Development Branch Partnerships** — Geological and geophysical surveys were completed in the Toodoggone and Quesnel Lake areas in partnership with the Geological Survey of Canada and industry and have stimulated claim staking and exploration activity in these areas.
- **Rocks to Riches** — Participated in the British Columbia and Yukon Chamber of Mines Rocks to Riches program to carry out eight field and/or office-based, digital technology related geoscience projects, which added substantially to new geoscience information being released.
- **Joint Solutions** — The British Columbia and Yukon Chamber of Mines and the BC Ministries of Energy and Mines and Sustainable Resource Management are working jointly towards finding solutions to some exploration sector challenges.
- **Gibraltar Mine Environmental Trust** — A Qualified Environmental Trust was established at the Gibraltar mine, whereby independent investors posted a reclamation security of $17.1 million to pay for long term acid rock drainage treatment which freed up a cash security of $16 million to help finance restart of the mine anticipated for the fall of 2004.
- **Energy Plan** — The Ministry made significant progress in implementing the government's Energy Plan, "Energy for Our Future: A Plan for BC". The plan is designed to maintain low-cost electricity and public ownership of BC Hydro, increase investment in the energy sector, ensure secure reliable supply and promote environmentally responsible energy development.
- **Alternative Energy and Energy Efficiency Developments** — The Ministry completed the first phase of the Alternative Energy and Energy Efficiency strategy, and established a pilot Community Action on Energy Efficiency program.

Ministry Role and Services

Ministry Overview

Since 1874, the Ministry of Energy and Mines has been the primary provincial ministry responsible for British Columbia's energy and minerals sectors. Today those sectors include the industries that produce and market natural gas, oil, electricity and energy including hydrogen, coal, metals, industrial minerals and aggregates. Over the past three years, these sectors have contributed substantially to the economy throughout the heartlands of the province and to the provincial Treasury.

The Ministry's primary responsibilities are to:

- Market and promote British Columbia as a competitive location for resource industry investment;
- Provide geoscience surveys and access to related data to attract exploration investment for coal, minerals and oil and gas;
- Enhance British Columbia's position as a key player in global energy, mineral and coal markets;
- Create a competitive regulatory environment that makes it easier and cost-effective for companies to do business in British Columbia;
- Encourage responsible development of British Columbia's energy and mineral resources;
- Ensure protection of the environment;
- Protect public and worker health and safety;
- Build relationships to facilitate First Nations' participation in the energy and mining sectors;
- Build opportunities with communities and the energy and mining sectors;
- Undertake assessments to determine British Columbia's resource potential;
- Develop policies to nurture new resource and energy development opportunities;
- Advocate technological innovation in British Columbia's conventional resource and alternative energy sectors; and
- Manage the disposition and administration of Crown mineral, coal, oil, gas and geothermal rights.

The Ministry administers 25 statutes that deal with the range of government responsibilities with respect to the energy and mining sectors. The Ministry is organized by sector and service provision.

1. **Mining and Minerals Division** — The Mining and Minerals Division manages the development of British Columbia's mineral resources, and implements policies and programs to encourage their development while maintaining environmental integrity. In addition, the Ministry regulates and inspects the mineral exploration and production industries in B.C. to protect the workers, the public and the environment.

2. **Oil and Gas Division** — The Province's oil and natural gas sector continues to be a significant economic engine in British Columbia's economy, as well as a substantial revenue generator for the Province. In 2003/04, this sector contributed $2.032 billion to provincial revenue, an increase of 35 per cent over the previous fiscal year. British Columbia's oil and gas industry was particularly robust and saw continued growth in exploration activity in 2003/04. The past year has seen a number of significant policy developments as part of the Government's efforts to enhance British Columbia's competitiveness, as well as to increase investment in the energy and mining sectors.
3. **Electricity and Alternative Energy Division** — The Ministry is the primary provincial agency for the development of policies, legislation, regulations and programs to support low cost, reliable electricity supply; alternative energy resource development and use; energy efficiency; and related private sector investments. The Ministry also oversees the statutory and policy framework for three major energy Crown corporations: BC Hydro, BC Transmission Corporation (BCTC) and the Columbia Power Corporation. The Ministry is responsible for the provincial government's role in Columbia River Treaty matters, and represents provincial interests on a variety of inter-jurisdictional electricity, alternative energy and energy efficiency issues.
4. **Titles Division** — The Titles Division operates the disposition process for provincial oil and gas, underground storage, mineral, placer mineral, coal and geothermal resource rights; administers the resulting tenures; and maintains a provincial registry that, at March 31, 2004, contained 12 thousand oil and gas agreements covering 8.2 million hectares of oil and gas rights and 38 thousand active mineral and coal tenures covering 4.6 million hectares. Titles Division revenues for 2003/04 were almost $700 million.
5. **Corporate Policy and Aboriginal Relations Division** — This division supports the Minister's and Deputy Minister's offices, and provides corporate policy support and services to the Ministry's key lines of business. These services include executive operations, intergovernmental relations, Aboriginal relations, strategic human resources, correspondence, corporate policy, strategic planning, legislation, performance tracking and data collection.

Ministry Vision, Mission and Values

Vision

Thriving, competitive, safe and environmentally responsible energy and mining sectors significantly benefiting all British Columbians.

Mission

The Ministry of Energy and Mines facilitates investment in the responsible development of British Columbia's energy and mineral resources to benefit British Columbians.

Values

The following values are the Ministry's fundamental beliefs. They define the Ministry's management style and rules of personal and organizational behaviour.

1. *Advocacy* — The Ministry represents the people of British Columbia, as owners of the energy and mineral resources, by advocating for the responsible development of those resources. The Ministry represents the interests of the energy and mining sectors to broader stakeholder groups and supports those sectors in responsible development of provincial resources. The Ministry informs the government, industry and citizens of the province of the benefits of responsible resource development.
2. *Integrity* — The Ministry is committed to respectful, honest and ethical behaviour in all its communications and actions.
3. *Responsiveness* — The Ministry is service-oriented and responds to the needs of its stakeholders and the public in a timely and effective manner.
4. *Accountability* — The Ministry is accountable to government and the public and strives to ensure that its actions deliver the results put forth in its Service Plan. The Ministry is effective and efficient in delivering timely services and implementing sound financial management.
5. *Professionalism* — The Ministry is committed to maintaining the highest levels of both technical competency and public service values, and encouraging innovation and creativity.
6. *Partnership Building* — The Ministry promotes teamwork, good working relationships and effective partnerships with others.

Ministry Operating Context

The operating context is an assessment of the general environment the ministry, and the mining and energy sectors faced during the 2003/04 fiscal year. The section describes some key external factors, as well as identifies internal government factors that have affected ministry operations. This section also identifies some of the current and potential challenges facing the ministry, and the energy and mining sectors.

British Columbia's energy sector has seen robust growth over the past few years and has emerged to become an increasingly important contributor to British Columbia's economy, as well as a significant primary resource revenue generator for the Province. British Columbia's oil and gas industry was particularly robust and saw continued growth in exploration activity in 2003/04. For the first time, oil and gas revenues topped the $2 billion mark. Energy prices are expected to remain strong.

British Columbia's mining industry began a recovery in 2003 that is expected to extend through 2004 and beyond. Strong world mineral markets and robust prices should support sustained growth extending through 2006. Higher levels of mineral exploration, increased production at existing mines and several mine restarts and/or new mine developments are anticipated. Higher levels of employment, profitability and tax payments will accompany this growth. Deterioration in the world economy or other similar macro economic developments would negatively impact these forecasts.

Gross mining industry revenues for 2003 are estimated at $2.860 billion, which show little change from the $2.864 billion reported for 2002. BC's fiscal incentive for exploration is Canada's second best. In summary, the province is well positioned competitively for expanding exploration, developing mines and moving through the current recovery phase to one of sustainable growth.

Oil and Gas

- **External Factors** — British Columbia has an enormous undeveloped resource base estimated to be worth billions of dollars. This resource base includes unconventional resources such as: coalbed gas, offshore oil and gas, tight gas, interior basins and marginal resource plays. Coalbed gas potential is estimated at 90 trillion cubic feet, although significant additional evaluation of the resource must be undertaken to prove the reserves.
- **Risk Assessment** — Currently the province is facing a lack of skilled workers at a time of increased activity. The ministry, in partnership with industry, has initiated a program to train new workers in British Columbia.

Mining and Minerals

- **External Factors** — The mining and mineral exploration industry expects a significant increase in the total dollars spent in mineral exploration. Preliminary numbers suggest exploration investment will climb from $39 million in 2002 to $55 million in 2003. The industry is projecting continued increases in exploration spending in 2004 coupled with an increasing demand for mineral commodities.

- **Internal Factors** — The Mining and Minerals Division has experienced a significant increase in workload related to the increased demand and interest in the mining and mineral exploration sector. Over recent years the operating budget and FTE allocation for this division have been reduced.
- **Risk Assessment** — During the next seven years, all six remaining metal mines in British Columbia will have exhausted their known reserves. Unless mine extensions or new mines are opened, with these closures, over 2,350 direct mining jobs will be lost by 2010.

Electricity and Alternative Energy Division

- **External Factors** — Increasing demand for electricity — both provincially, and within the western North American interconnected grid — drives the development of new electricity generation. This in turn is influenced by economic growth, weather (temperature affects heating and cooling loads and precipitation affects the amount of hydro generation) and competing alternatives such as energy efficiency and conservation. An external factor to accessing export markets and imported power is other jurisdictions' development of transmission infrastructure, and transmission and electricity market policies and tariffs.
- **Internal Factors** — The Electricity and Alternative Energy Division has a staff of 12. In order to achieve its broad mandate, goals and objectives, the Division relies heavily on partnerships with other organizations.
- **Risk Assessment** — The ministry's initiatives to promote more Independent Power Production (IPP) development will be influenced by external factors beyond the control of the Ministry, such as growth rates in electricity demand. The Energy Plan is expected to guide tariff and program development that will reduce barriers to IPP development. The ministry works with the industry and its Crown utilities to address specific issues; however, for many issues, including contract prices and volumes with BC Hydro, the ultimate responsibility rests with the BC Utilities Commission.

Ministry Structure and Core Business Areas

Oil and Gas Division

The Oil and Gas Division is responsible for developing innovative policies and programs which support the growth of oil and gas supply and production in British Columbia, significantly increasing economic activity. Through its four branches, the Division's responsibilities include:

Resource Assessment and Development:

- Developing and maintaining petroleum geology databases to identify new energy opportunities and provide information for industry reference.
- Providing communities, First Nations, the public and other stakeholders with information on oil and gas resources, development potential and industry activity.

Fiscal Analysis and Enhancement:

- Undertaking economic and financial analysis to develop royalty and other policies and programs.
- Identifying, stimulating and facilitating development opportunities for conventional, unconventional and under-explored resources.
- Assessing BC competitiveness.

Regulatory Analysis and Improvement:

- Streamlining provincial regulations that apply to the oil and gas sector and ensuring they are efficient, effective and results based.
- Influencing regulatory decisions that reflect BC interests in resource development.

Infrastructure Growth and Development:

- Facilitating infrastructure development to improve access to oil and gas resources.
- Maximizing industry-related economic opportunities by seeking stakeholder input and involvement and by building relationships with local service sectors.

Key Programs	Outputs
Oil and Gas Development Strategy for the Heartlands (OGDS)	• Road infrastructure: initial allocation of royalty credits of up to $10 million annually towards the construction, upgrading and maintenance of road infrastructure in support of resource exploration and development, contingent upon an equal contribution from industry. • Royalty regimes: new royalty rates for low-productivity natural gas; royalty credits for deep gas exploration; royalty credits for summer drilling to expand the drilling season; and design of a new "net profit" royalty regime to encourage development of unconventional gas resources such as tight gas, shale gas and new basins. • Regulations: BC Oil and Gas Regulatory Improvement Initiative (OGRII): "results-based" regulation. • Service Sector Strategy: the OGDS provides $500,000 in skills-development funding to be matched by industry investment to provide training opportunities to better equip British Columbians for skilled employment in the oil and gas sector.
Resource Road Development	• Concluded an agreement in principle with oil and gas producers to undertake a $38 million upgrade to the Sierra-Yoyo-Desan Road. • Completed 163 km of hard surfacing and rehabilitation at a cost of $20.143 million on Oil & Gas Initiative 2 roads in the Northeast.
Promote Opportunities for investment in Oil and Gas Sector	• During fiscal year 2003/04, the Investment and Marketing Branch, in conjunction with the Oil and Gas Division, organized investment promotion events in a number of locations including Houston, Seattle, Portland, Washington, D.C., Calgary and Victoria.
Coalbed Gas	• Produced water code of practice developed jointly with the Ministry of Water, Land and Air Protection and the Oil and Gas Commission. • Promotion of the resource potential through trade shows and technical conferences.
Mineral Ownership	• *Coalbed Gas Act* enacted April 2003. • Review of Freehold Mineral Title continuing.
Petroleum Geoscience	• Analysis of oil and gas resource potential delineated for northeast BC (deep gas and tight gas). • Developed resource assessments. • Acquired regional oil and gas studies for northeast BC. • Completed a number of geoscience studies.

Mining and Minerals Division

Mining and Minerals Division is responsible for the management of the Province's coal and mineral resources and for the regulation of the industries that explore for and develop those resources.

The Mining and Minerals Division's responsibilities fall under four specific areas designated as Branches and include:

Geological Survey and Development:

- Informs government of mineral resources and mineral potential tracts;
- Provides public information on B.C. mineral resources and their geological setting;
- Maintains accessible databases over the web, including the acclaimed MapPlace;
- Upgrades geological knowledge about the province, which still contains large, frontier areas; and
- Acts as a reservoir of expertise used by the mineral sector, government and the public.

Investment and Marketing:

- Responsible for coordinating the ministry's investment attraction and marketing activities across its three main business units — mining and minerals; oil and gas; and electricity and alternative energy.
- Leads the annual planning and delivery process for key trade shows, conferences and investment missions.
- Works closely with all parts of the ministry to identify and track priority investment prospects.

Mineral Policy and Initiatives:

- Develops, co-ordinates and monitors the implementation of strategies, policies and plans related to province-wide development of the mining sector.
- Conducts financial and economic assessments of government and industry initiatives to guide critical government policy decisions; collects and analyses mining industry expenditure and production data to monitor industry trends; and advises government on revenue, taxation, land use and regulatory initiatives.

Mines Operation:

- Promotes, encourages, permits or authorizes technically sound as well as environmentally and socially sustainable mines.
- Audits and inspects exploration sites and operating and closed mines to enforce compliance as necessary.
- Ensures that mines are reclaimed in compliance with the *Mines Act* and in accordance with the standards set out in the *"Health, Safety and Reclamation Code for Mines in British Columbia"*.
- Ensures through reclamation security bonding that the liability to the province is managed to minimize the risk of default to government.

- Ensures that mining operations are prepared to effectively deal with all emergency situations.
- Promotes best management practices for health, safety, environmental protection and reclamation.

Key Programs	Outputs
Mining Exploration Tax Credit	• February 2003 Provincial Budget extended the tax credit by three years to 2006.
BC Mining Flow Through Share Tax Credit	• Successfully worked with the mining industry to encourage the federal government to extend the federal flow-through share tax program.
Promote Opportunities for Investment in Minerals Sector	• Managed an economic measures agreement with area First Nations to facilitate development of an east-west resource road between the Omineca region and the Port of Stewart.
Update internal policy and procedures manuals to bring them into line with streamlining and results-based revisions made to the Health Safety and Reclamation Code for Mines in British Columbia in March 2003	• Revisions to policy and procedures manuals completed, resulting in a reduction of 468 regulatory requirements. • Web accessible and digitally searchable version developed.
Geoscience Surveys	• Continued to produce numerous valuable geoscience publications. • Participated in the federal Targeted Geoscience Initiative program. • Participated in the *Rocks to Riches* program which carried out eight field and/or office-based, digital technology related geoscience projects. • Extensive claim staking resulted from geoscience programs carried out in the Toodoggone and in the Quesnel Lake areas of central and northern BC.
MapPlace and Geoscience Databases	• MapPlace received over 2 million hits on the ministry website. • New data layers added to MapPlace, including updated coal, mineral and aggregate data and geological maps of Hat Creek and Bowser Basin. • MapPlace has become one of the most valuable geoscience tools in attracting new investment in mineral exploration and development in BC.

Key Programs	Outputs
Public-Private Partnerships (P3s)	• The Mining and Minerals Division engaged in several public-private partnerships in the area of geoscience in 2003/04. These partnerships were primarily mapping projects and/or mineral deposit studies. • Raised over $250,000 in financial and in-kind support from industry for geoscience field projects. • Produced new geological and geophysical map products leading to new mineral claim staking in BC. • Investment opportunities and exploration potential in BC have been widely promoted through one-on-one networking with partners and industry clients resulting from P3 activities.

Electricity and Alternative Energy Division

The Electricity and Alternative Energy Division is responsible for the development of policies, legislation, regulations and programs to support low cost, reliable electricity supply; private sector investment; alternative energy resource development and use; and increasing energy efficiency. A major focus of the Division's current workplan is the implementation of the electricity related aspects of the Energy Plan. The Division's responsibilities fall into two Branches:

Alternative Energy Policy:

- Provides leadership in the formulation, development and implementation of strategic alternative energy policies, programs, legislation and regulations to stimulate research.
- Responsible for the development of initiatives directed towards energy efficiency and conservation.

Electricity Policy:

- Develops, implements and monitors policies and initiatives that support the objective of ensuring a secure and reliable electricity supply.
- Responsible for the provincial government's role in Columbia River Treaty matters, and represents the provincial interest on a variety of inter-jurisdictional electricity issues.

Key Programs	Outputs
Policies and initiatives to maintain low electricity rates and public ownership of BC Hydro's core assets	• Implemented *BC Hydro Public Power Legacy and Heritage Contract Act* and related Orders to establish a Heritage Contract and protect public ownership of BC Hydro core assets. Amended the *Utilities Commission Act* to ensure effective regulation of BC Hydro and BCTC by the BCUC.
Policies and initiatives to ensure secure, reliable electricity supply	• Created a new government owned transmission corporation (BCTC) to ensure access to the transmission system. Worked with IPPs to facilitate the development of new electricity supply in the province and participated on BC Hydro's steering committee for the development of its Integrated Electricity Plan.
Columbia River Treaty and Downstream Benefits (DSB) Entitlement	• Ongoing management and maintenance of CRT related issues, the DSB Entitlement (which contributed $230 million in government revenues in 2003/04) and support for the Columbia River Treaty Permanent Engineering Board.
Administration of the *Utilities Commission Act*, *Hydro and Power Authority Act* and water rental rates	• Ongoing management and maintenance.
Stimulating investor interest in British Columbia's clean and alternative energy and energy efficiency sectors	• Participated in Environmental Assessment and Land and Water BC reviews of various IPP projects to ensure that electricity values were adequately considered. Worked with IPPs and other government agencies to facilitate progress of their projects.
Alternative energy and biofuels development in BC	• Developed and began implementation of an Alternative Energy Strategy for the province. Developed Clean Electricity Guidelines to facilitate implementation of the Energy Plan goal to have 50 per cent of new supply from clean electricity sources.
Hydrogen and fuel cell development and deployment in BC	• Participated in the industry committee's development of a hydrogen and fuel cell strategy for the province, for the Premier's Technology Council. Further to the $150,000 funding provided in late 2002/03, the Ministry continued to participate in the development of a project to demonstrate fuel cell technology in a passenger automobile in BC.
Energy Efficiency in buildings and equipment	• Established a Ministers Advisory Committee on energy efficiency for buildings. Began a comprehensive review of *Energy Efficiency Act* and regulations.

Strategic Shifts and Significant Changes in Policy Direction

The Oil and Gas Development Strategy for the Heartlands (OGDS)

The Oil and Gas Development Strategy for the Heartlands (OGDS) is a comprehensive program to address road infrastructure, targeted royalties, regulatory reduction and British Columbia service sector opportunities. The OGDS was initially announced in June 2003 and additional initiatives were introduced in November 2003.

Coalbed Gas

The Government enacted the *Coalbed Gas Act* in April 2003. The Act confirms that coalbed gas is natural gas owned by the holder of natural gas rights.

Energy Plan

The ministry continues to implement the November 2002, *Energy for Our Future: A Plan for BC*. The plan clarifies the Government's intentions for energy supply and the role for private sector investment. Specifically, the plan sets out the policy actions to retain BC Hydro in public ownership and to maintain secure, safe, low-cost energy for the future. The plan also contains measures to stimulate economic growth by supporting increased investment across a range of energy sources. It also includes enhanced conservation measures and targets for the development of clean energy sources.

Titles

The Mineral Titles Online (MTO) project will bring about the most significant change to mineral title acquisition in BC in more than a century. MTO will change the method of mineral title acquisition from an on-the-ground staking process to an online map selection system. Using modern mapping software, this internet-based system will provide for secure title on an accurate digital map base that is integrated with other resource data. The system, which includes electronic payment and online administration of titles, will reduce costs for miners and the province. Amendments to the *Mineral Tenure Act* enabling the establishment of the system were approved by the legislature in April 2004. The project is targeted for implementation in 2005.

The Petroleum Titles Online Project is a joint initiative being developed by the Ministry of Energy and Mines and the Ministry of Sustainable Resource Management to facilitate petroleum tenure-related transactions through the internet. It is intended to compliment the Mineral Tenure Online Project, currently under development, and to eventually link to the Integrated Registry Project. The project will primarily be focused on Ministry of Energy and Mines' clients to ensure that they have timely access to accurate petroleum tenure data and related tenure administration processes. Target implementation date is October 2004.

Mining

On January 26, 2004 a Minister of State for Mining with a mandate to revitalize the mining sector was appointed. British Columbia is the only Canadian jurisdiction to place such a focus on mining. The Minister of State's primary mandate is to work with mining stakeholders, to promote, market and communicate environmental and sustainability practices while continuing to identify opportunities to strengthen the provincial geoscience capability. The Minister of State will also lead the design of a framework to increase clarity for access to Crown land for mining exploration and development and the drafting of a detailed action plan for mining development and skills training.

Performance Based Regulations for Mining

Mining policy and procedures manuals are updated and Notice of Work (permit application) forms consolidated to bring them into step with streamlining and results-based revisions made to the "*Health, Safety and Reclamation Code for Mines in British Columbia*" in March 2003. This update has resulted in a reduction of 468 regulatory requirements. These changes will further enhance the mining industry's ability to do business, benefiting all British Columbians.

Public-Private Partnerships

Public-Private Partnerships (P3s) continued to be an important program component for the Ministry of Energy and Mines. The Ministry is in the final stages of completing a P3 worth $40 million to design, finance and deliver upgrades to the Sierra Yoyo Desan Resource Road. This P3 will improve safety, allow for year-round access, and generate an increase in oil and gas exploration and development activities in the northeast that will create vast opportunities for British Columbians. In addition, the Ministry participated in eight P3s, most of which were multi-partner programs supporting additional work funded primarily by the *Targeted Geoscience Initiative* with the federal government, or which received funding from the BC and Yukon Chamber of Mines *Rocks to Riches Program*. These partnerships contributed substantially to the Ministry's ability to generate new geoscience maps, reports and information related to mineral resource development in the province.

Update on *New Era* Commitments

***New Era* Promises**	
Government Priority	**Comments**
Oppose the Sumas 2 power project and phase out Burrard Thermal.	The Province, led by the Ministry of Water, Land and Air Protection, was an intervener in the review of the Sumas Energy 2 power line project before the National Energy Board. On March 4, 2004 the NEB announced that it was denying SE2's application for an international power line. An MLA Task Force reviewed the role of the Burrard Thermal generation station. BC Hydro is also considering the phase out of Burrard Thermal as a part of its Integrated Electricity Plan, which was submitted to the BCUC on March 31, 2004.
Protect BC Hydro and all its core assets, including dams, reservoirs and power lines under public ownership.	The *BC Hydro Public Power Legacy and Heritage Contract Act* was implemented. This Act stipulates that BC Hydro must not sell or otherwise dispose of protected assets.
Restore an independent BC Utilities Commission to regulate BC Hydro's electricity rates.	Additional Commissioners and changes to the *Utilities Commission Act*, which were brought into force in May, 2003, create a strengthened and more effective BCUC for oversight of BC Hydro. The rate freeze was eliminated, and in December 2003 BC Hydro filed its first revenue requirement application in a decade. The BCUC also reviewed BC Hydro's proposed Vancouver Island Generation Project, and BC Hydro has submitted to the BCUC its Integrated Electricity Plan, as required by the amended *Utilities Commission Act*.
Encourage mineral exploration.	In order to have a healthy, sustainable mining industry in British Columbia, it is essential to have a robust mineral exploration sector. The mining industry estimates that annual exploration expenditures of at least $125 million are required to sustain the industry's production. Ministry initiatives to enhance mineral exploration in British Columbia include: • reducing the regulatory requirements for sub-bulk sample level exploration projects; • refocusing geoscience programs; and • ensuring a competitive tax and regulatory regime. During 2003 an estimated $55 million was spent by industry in exploration and this is expected to increase substantially during 2004.

New Era Promises	
Government Priority	**Comments**
Consider the Northern Development Commissioner's report on offshore oil and gas.	The Northern Development Commissioner's report was submitted to Government on July 5, 2001 and although the recommendations concerning public consultation were not adopted, the Northern Caucus consulted with northern residents and community leaders regarding a range of issues including the Commissioner's report on offshore oil and gas. In March 2001 the University of Northern British Columbia was provided with a $2 million grant to respond to recommendations made in the Scientific Review Panel and Offshore Oil and Gas Task Force Reports. In October 2002 the Province approved up to $8 million, to the end of fiscal 2004, for the establishment of a dedicated offshore oil and gas team to ensure that offshore oil and gas resources are developed in a scientifically and environmentally responsible manner. This also includes working with First Nations, communities, industry and other governments to clarify the risks and benefits associated with offshore oil and gas. The team was established on January 10, 2003.
Promote clean and renewable alternative energy sources like wind, thermal, solar, tidal, biomass and fuel cell technologies.	As part of the Energy Plan, there is a goal of having 50 per cent of the new supply purchased by electricity distributors from clean sources. This will provide Independent Power Producers with opportunities to develop clean energy sources such as hydro, cogeneration, wind, solar and fuel cell power. The Ministry works closely with independent power producers to facilitate the development of these energy sources. The Ministry has also completed the first phase of an Alternative Energy and Energy Efficiency Strategy. The Ministry participated in the industry committee's development of a hydrogen and fuel cell strategy for the province, for the Premier's Technology Council. Further to the $150,000 funding provided in 2002/03, the Ministry continued to participate in the development of a project to demonstrate fuel cell technology in a passenger automobile in BC.

Performance Reporting

Overview of Ministry Goals

Goal 1: To Increase Investment in Energy and Mining Resource Development in British Columbia

Core Business	Key Objectives	Key Strategies
Oil and Gas Division	Double oil and gas production in British Columbia by 2011. Generate $20 billion of cumulative investment in the oil and gas sector by 2008.	• Introduced the Oil and Gas Development Strategy for the Heartlands (OGDS), providing access to resources (roads), incentives to drill (targeted royalty changes), an enhanced regulatory framework and a strategy to develop the oil and gas service sector in British Columbia. • Developed and implemented a marketing strategy to promote British Columbia's resource investment opportunities. • Participated in relevant investment related trade missions. • Promoted British Columbia's resource investment opportunities to major oil and gas producers that do not currently operate in British Columbia. • In November 2003 the ministry allocated $500,000 per year for three years, to oil and gas related training. These funds were matched by industry for fiscal 2003/04.

Core Business	Key Objectives	Key Strategies
Mining and Minerals	Increase mining exploration and development activity.	• The Minister of State for Mining was appointed in early 2004 to focus attention on revitalizing BC's mining industry. • Supported one-year extension of the federal Investment Tax Credit for Mineral Exploration program with associated automatic extension of BC Mining Flow-Through Share Tax Credit program (Super Flow-Through Shares). • An MLA Task Force was appointed to investigate mining issues throughout the province. • A Minister led delegation of representatives of BC mineral exploration and mine operating companies, First Nations and the investment community visited London, England, to promote mineral investment opportunities. • Regulatory burden on the mining and exploration sectors continues to be reduced. Following a reduction of 17.4 per cent of the regulatory burden in 2002/03 an additional 8.7 per cent was reduced in 2003/04, for an overall reduction of 27 per cent in the first two years of the deregulation initiative. • Continued to work with industry and other government agencies to overcome obstacles in order to stimulate exploration and development (e.g., Joint Solutions Workshops). • Provided advice regarding mineral access and development requirements in all land planning initiatives. • Continued to partner with the private sector to further the knowledge of mineral geoscience.

Core Business	Key Objectives	Key Strategies
Electricity and Alternative Energy	Stimulate investor interest in British Columbia's alternative energy sectors.	• Developed the Alternative Energy and Energy Efficiency strategy and completed the first phase of the strategy to position BC as a centre of expertise for the development of certain key technologies. • Developed Clean Electricity guidelines to facilitate the implementation of the Energy Plan voluntary target of 50 per cent of new electricity supply from BC Clean electricity. • Advocated for alternative energy and energy efficiency and conservation investments in British Columbia. • Developed Letters of Cooperation with Natural Resources Canada Office of Energy Efficiency.
	Implement the electricity components of the Provincial Energy Policy.	• Completed revisions to the *Utilities Commission Act*, *Hydro and Power Authority Act*, and created the *Transmission Corporation Act*. • Revisions to the *Columbia Basin Trust Act* led by Crown Agencies Secretariat. • For the 20 Policy Actions for which the ministry has primary responsibility or plays a significant role, 11 are completed, and 9 are underway. • Liaised with BC Hydro and BCTC to facilitate initiatives to further Energy Plan objectives. • Represented provincial interests in cross-jurisdictional electricity related initiatives. • Advocated for, and undertook policy development to facilitate IPP development.
Offshore Oil and Gas Team	Facilitate the development of BC's offshore oil and gas resources in a scientifically sound and environmentally sound manner.	• Continued to complete further geological work to narrow the scope of potential offshore exploration areas. • Established mechanisms to include First Nations and coastal communities in offshore development plans. • Continued to develop an offshore oil and gas management regime that includes federal, provincial or joint regulations, legislation and environmental assessment.

Goal 2: To Maintain High Environmental and Health and Safety Standards

Core Business	Key Objectives	Key Strategies
Mining and Minerals	Maintain high environmental and health and safety standards. Ensure a high standard of environmental protection with respect to mine sites.	• Conducted health and safety inspections at each mine. • Implemented risk-based reclamation security guidelines. • Completed site inspections and/or audits at all major mines to ensure compliance with permit conditions and appropriate environmental standards. • Worked with industry to establish closure requirements at mine sites that are ceasing operations to ensure practicable, timely and effective reclamation occurs.

Goal 3: To Be a Responsive, Adaptable and Accountable Organization

Core Business	Key Objectives	Key Strategies
Executive and Support Services	Efficient human resource management consistent with best practices.	• All excluded employees have completed an Employee Performance and Development Plan.
Oil and Gas Division	Develop a performance reporting and long-term alternative funding mechanism for new revenue generating projects.	• Developing performance measures and a quarterly progress report for Treasury Board. • Developed a funding model.
Corporate Policy, Legislation, Oil and Gas, Mining and Minerals	Eliminate 33 per cent of the ministry's regulations by June 2004.	• Redirected resources to focus on deregulation for the oil and gas, and mining sectors. • Implemented measures to eliminate regulations.

Report on Results

Goal 1: To Increase Investment in Energy and Mining Resource Development in British Columbia

Core Business: Oil and Gas				
Objective	**Performance Measure**	**2003/04 Target**	**2003/04 Actual**	**Variance**
Double oil and gas production in British Columbia by 2011.	Achieve a 26 per cent increase in oil and as production by the end of 2005/06.	Achieve a 4 per cent increase in oil and gas production over 2002/03 levels.	Target Not Achieved • 2.5 per cent decline in 2003 gas production. • 3.8 per cent decline in 2003 crude oil production.	• The volume of gas declined by (2.5) per cent.[1] • Crude oil declined (3.8) per cent.[1]
	Achieve a 20 per cent increase in oil and gas exploration (drilling) activity annually for the next three years.	Achieve a 20 per cent increase in oil and gas exploration (drilling) activity over 2002/03 levels.	Target Achieved: • 56.0 per cent increase in oil and gas exploration (drilling).	• Target exceeded by 36.0 per cent.
Generate $20 billion worth of cumulative investment in the oil and gas sector by 2008.	Increase investment in the oil and gas sector.	Generate $3.3 billion worth of investment in oil and gas.	Target Achieved • $3.5 billion worth of investment in British Columbia's oil and gas sector.	• 16.7 per cent increase; achieved $0.2 billion more investment than the targeted $3.3 billion.

[1] The oil and gas sectors did not achieve a 4 per cent increase in oil and gas production due to high declines in the Ladyfern field. In 2002 Ladyfern represented 15 per cent of total raw natural gas production in the Province. That percentage fell to only 6 per cent in 2003. Crude oil production declines resulted from a significant shift away from oil exploration to natural gas exploration.

Core Business: Mining and Minerals				
Objective	**Performance Measure**	**2003/04 Target**	**2003/04 Actual**	**Variance**
Increase mining exploration and development activity.	Achieve predetermined annual dollar amount.[2]	Realize a mineral exploration expenditure of $50 million.	• Preliminary figures indicate that exploration expenditures in British Columbia will reach $55 million.	• Initial figures suggest the target will be met.
	Realize $400 million in capital investment in new or existing mines in British Columbia by 2005/06.	Achieve $100 million worth of capital investment.	• This target will be exceeded as approximately $173 million of planned expenditure for calendar year 2003 has been reported by Eskay, Highland Valley Copper, Elk Valley Coal Partnership and Compliance Energy. Most has already been undertaken.	• Target exceeded by $73 million.

[2] Error in the initial target stated in the 03/04 Service Plan due in part to the use of unstable preliminary statistics. Increasing BC's share of national exploration expenditures to 9 per cent was an unattainable and difficult to measure goal. The new performance measure represents a reasonable while ambitious appraisal that is more readily confirmed.

Core Business: Electricity and Alternative Energy				
Objective	**Performance Measure**	**2003/04 Target**	**2003/04 Actual**	**Variance**
Stimulate investor interest in British Columbia's clean energy sectors.	Increase investment in British Columbia clean energy sector.	Achieve a 10 per cent increase in investment in BC's clean energy sector over the established baseline.	• More than 640 GWh of new clean electricity.[3]	Target exceeded by a factor of five.

[3] Energy from non storage hydro, small hydro, biomass, and biogas projects that is sold to BC Hydro, as measured in giga-watt hours (GWh), has been used as a proxy for the amount of investment in clean and alternative energy. The 1999 baseline, established as a reference point for the province's 2002/03 – 2004/05 Strategic Plan, is 1115 GWh (Updated figure). A 10 per cent increase equates to 112 GWh of new clean and alternative electricity generation. In 2003/04, nine IPP projects began commercial operation, adding about 640 GWh per year of new clean and alternative energy. This is more than five times the 112 GWh performance target.

Core Business: Electricity and Alternative Energy				
Objective	**Performance Measure**	**2003/04 Target**	**2003/04 Actual**	**Variance**
Implement provincial energy policy by 2004/05.	Implement provincial energy policy.	Implement legislation for a Heritage contract to keep electricity rates as low as possible. Implement changes to the *Utilities Commission Act* to improve regulatory oversight by BCUC. Implement legislation to create a separate Crown corporation for transmission.	• Implemented: *Transmission Corporation Act*; *Utilities Commission Amendment Act*; *BC Hydro Public Power Legacy and Heritage Contract Act*. In addition, several Orders in Council were passed to further implement these elements of the Energy Plan, and key agreements between BC Hydro and BC Transmission Corporation were developed and designated by Cabinet.	Target achieved.

Core Business: Offshore Oil and Gas				
Objective	**Performance Measure**	**2003/04 Target**	**2003/04 Actual**	**Variance**
Facilitate the development of BC's offshore oil and gas resources in a scientifically sound and environmentally safe manner.	Implement components of offshore work plan.	• Apply principles of Provincial offshore perspective to development of a management and regulatory regime. • Further advance the state of knowledge. • Engage coastal First Nations and communities.	• Principles have been presented to the federal government. • Stakeholders including coastal First Nations and communities have been engaged through various means including contribution agreements and fact finding missions.	Target achieved.

Goal 2: To Maintain High Environmental and Health and Safety Standards

Core Business: Mining and Minerals				
Objective	**Performance Measure**	**2003/04 Target**	**2003/04 Actual**	**Variance**
Maintain high environmental and health and safety standards.	Accident frequency rate of 2.5 or less. (accidents requiring medical attention multiplied by 200,000 hours then divided by the total number of hours worked).	Accident frequency rate of 2.5 or less.	Target Achieved • Accident frequency at the Province's major mine sites was 1.99 in 2003.	Target achieved.
	Conduct site inspections and/or audits at all major mine sites.	Site inspections and/or audits at all major mines to ensure compliance with permit conditions and appropriate environmental standards.	• Site inspections completed.	Target achieved.
		Ensure any remediation actions necessary are completed on a timely basis.	• Completed.	Target achieved.

Goal 3: To Be a Responsive and Accountable Organization

Core Business: Ministry of Energy and Mines				
Objective	**Performance Measure**	**2003/04 Target**	**2003/04 Actual**	**Variance (see notes below)**
Efficient human resource management consistent with best practices.	Introduce regular performance planning for all employees.	100 per cent of all excluded employees have an Employee Performance and Development Plan (EPDP) in place.	• 100 per cent of all excluded employees have a performance plan in place.	Target achieved.
	Implement Ministry Human Resource Renewal Plan.	100 per cent of HRRP goals have implementation teams in place. Each team to have completed an implementation plan.	• New HR plan developed and working committees established to implement. • Staff forum established greater communication among staff on operational issues, Human Resource plan and service plan implementation.	On track.
Develop performance reporting and long-term alternative funding mechanism for new revenue generating projects.	Account for generating incremental revenue in each of the next three years.	Generate increased revenues of $27.2 million.	Incremental revenue of $471 million was generated.	Target exceeded.
Eliminate 33 per cent of the ministry's regulations by June 2004.	Eliminate 5,899 regulations from a baseline regulation count of 17,698.	Eliminate 11 per cent of regulations.	Eliminated 2,249 or 12.68 per cent of regulations.	Target exceeded.

Deregulation

The ministry has actively participated in all aspects of Government's deregulation initiatives. The ministry's baseline regulatory requirement count as of June 2001 was 17,698 with a targeted reduction of one third, or 5,899 regulatory requirements by June 2004. The ministry's projected reduction was 11 per cent over each of the three fiscal years from 2002/03 to 2004/05, with the target to be achieved by June 2004.

In 2003/04, the ministry eliminated 2,244 regulatory requirements, or about 12.7 per cent of its total, providing an overall 27 per cent reduction in the first two years of the deregulation initiative. This reduction has been achieved in part through revisions to the Mining Operations Branch policy and procedures manuals to bring them into step with earlier streamlining and results-based revisions made to the *"Health, Safety and Reclamation Code for Mines in British Columbia"*. Additionally, the Oil and Gas Commission has recognized significant reductions through; 1) creating up to date web-based documents to replace sections of the 1997 Oil and Gas Handbook, and 2) making preliminary steps towards results-based regulation with the conversion of checklists into an online Application Resource Book.

Report on Results

Resource Summary by Core Business Areas

	Estimated	Other Authorizations	Total Estimated	Actual	Variance
Operating Expenses ($000)					
Resource Development	14,309	4,402	18,711	20,495	(1,784)
Policy and Legislation	3,717	782	4,499	4,741	(242)
Mining	4,526	0	4,526	3,705	821
Executive and Support Services	9,838	0	9,838	8,633	1,205
Contracts and Funding Arrangements	24,240	15,115	39,355	39,355	0
BC Utilities Commission	1	(1)	0	0	0
Total	**56,631**	**20,298**	**76,929**	**76,929**	**0**
Full-time Equivalents (FTEs)					
Resource Development	107	0	107	109	(2)
Policy and Legislation	26	0	26	25	1
Mining	35	0	35	30	5
Executive and Support Services	40	0	40	21	19
Contracts and Funding Arrangements	26	(22)	4	0	4
Total	**234**	**(22)**	**212**	**185**	**27**
Ministry Capital Expenditures (CRF) ($000)					
Resource Development	260	347	607	771	(164)
Policy and Legislation	8	0	8	0	8
Mining	86	0	86	19	67
Executive and Support Services	96	0	96	7	89
BC Utilities Commission	210	(210)	0	0	0
Total	**660**	**137**	**797**	**797**	**0**
Other Financing Transactions ($000)					
Receipts[1]	17,800	3,574	21,374	21,374	0
Disbursements	67,800	3,574	71,374	71,374	0
Net Cash Source (Requirements)[2]	(50,000)	0	(50,000)	(50,000)	0

[1] A total of $21,374,000 revenue collected was paid to the Oil and Gas Commission under authority of the *Oil and Gas Commission Act*.

[2] $50 million was paid to Columbia Basin Trust pursuant to the Columbia Basin Accord.

Other

Assayers Certification Board of Examiners

An independent board of examiners comprising educators and industry representatives are authorized under the *Ministry of Energy and Mines Act* to oversee the assayers certification program. This ensures that assayers practicing in British Columbia meet the high standards of competency required by the mining and securities industries. Since the program was introduced, over 600 assayers have been certified. British Columbia is the only mining jurisdiction in the world that requires assayers to pass a rigorous practical examination before being certified.

- In November 2003, the board of examiners were reappointed for a term of three years.
- Three new candidates successfully completed the final practical examination in December 2003 and received their certificates of proficiency.
- There are 27 students enrolled in the British Columbia Institute of Technology's (BCIT) assayer training program.

On August 5, 2003, the Assayers Foundation of British Columbia was incorporated as a non-profit society to provide a formal structure for the advisory council and to allow direct financial control over the Assayers Certification Program. The advisory council comprising representatives from the BC Ministry of Energy and Mines, BCIT and members of the Canadian and U.S. professional assaying communities provides direction to the BC-Assayers Certification Program and raises public awareness of the program.